



Committed to the future of rural communities.

# GUARANTEED RURAL HOUSING

February 9, 2005

## **NEWS FLASH !**

### **GUARANTEE FEE INCREASED TO 2%, Change in Maximum Loan to Value Ratio**

As a reminder the guarantee fee for Single Family Housing Guaranteed Loan Program purchase loans did increase from 1.75 percent to **2 percent** of the loan amount for all loans approved by the Agency on or after **December 11, 2004**. Loans are considered approved by the Agency when a Conditional Commitment is issued. The guarantee fee for refinance loans remains at 0.5 percent of the loan amount. We ask you to take responsibility for notifying your agents, correspondents, underwriters, packagers and any others who assist applicants in eligibility determinations. Raising the fee will allow Rural Development and its partners to assist more rural home buyers by increasing this Fiscal Year's level of appropriated funds.

Please note that in addition to the increase in the guarantee fee, the maximum Loan to Value Ratio (LTVR) for purchase loans changed on December 11, 2004. Similar to the maximum LTVR for refinance loans, the maximum LTVR for purchase loans can now exceed the appraised value (AV) of the property to include the guarantee fee. The change in the maximum LTVR applies only to loans for which the guarantee is being financed. In these cases, the loan amount can exceed the appraised value of the property only by the portion of the guarantee fee being financed in the loan.

If you have any questions or concerns, please contact us.

**RURAL  
DEVELOPMENT**

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